

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF 4-WAY ENTERPRISES, INC.,     )  
D/B/A COOLBROOK SEWAGE TREATMENT PLANT     )  
FOR A CERTIFICATE OF PUBLIC CONVENIENCE     ) CASE NO. 8179  
AND NECESSITY     )

O R D E R

On March 30, 1981, 4-Way Enterprises, Inc., d/b/a Coolbrook Sewage Treatment Plant ("Utility") filed with this Commission an application seeking a certificate of public convenience and necessity authorizing the construction of additions and extensions to its existing waste water collection and treatment system, located in the Coolbrook Farm Subdivision, Franklin County, Kentucky.

The case was set for hearing at the Commission's offices in Frankfort, Kentucky, July 1, 1981. All parties of interest were notified in the manner prescribed by the Kentucky Revised Statutes and no protests were entered. At the hearing, certain requests for additional information were made by the Commission staff. This information has now been filed, and the entire matter is now considered to be fully submitted for a final determination by this Commission.

A copy of a letter from the Sanitary Engineering Division of the Kentucky Department for Natural Resources and Environmental Protection approving the Utility's plans and specifications for the proposed project is on file with this Commission.

Sewage Utilities in a Partially Developed Subdivision

The Commission notes that much of the proposed additions and extensions to the Utility's treatment system is for the purpose of providing service to future lot holders in Section IV of the Coolbrook Farm Subdivision. It also notes that until they acquire such lots, the utility plant in service will have much greater capacity than is required by the Utility's present customers. The owner or owners of the Utility are advised that both the operating and non-operating costs of this excess plant are costs which they must largely bear until such time as Section IV of Coolbrook Farm Subdivision becomes sufficiently developed to make it reasonable to pass on such costs to the lot holders.

Specific Findings in this Matter

The Commission, after consideration of all the evidence of record and being advised, is of the opinion and finds that:

1. Residential development is needed to satisfy demands for family housing in Franklin County and vicinity.

Statutory requirements for such development include the construction of sewage facilities. The Commission emphasizes, however, that the construction, financing and operating costs of the required sewage facilities should not result in unreasonable rates and admonishes the applicant to make a determination of the impact of the proposed construction upon consumer rates before beginning construction. With this admonition and the qualifications inherent therein, the Commission finds that public convenience and necessity requires construction of the proposed sewage facilities for the Coolbrook Farm Subdivision Section IV in Franklin County, Kentucky, as set forth in the application.

2. The Utility's proposed construction project includes the construction of sewers and expansion of the capacity of its existing treatment plant from 105,000 G.P.D. to 180,000 G.P.D. thereby increasing its customer load capacity from 264 to 450 single family residences or equivalent loading.

3. Any construction deviations from the plans and specifications herein approved, which could adversely affect service to any customer, should be subject to the prior approval of this Commission.

4. The Utility's monthly rate of \$11.70 for residential sewage disposal service as now charged under authority of this Commission, should be ratified and remain in effect

for all customers of the Utility located in the Coolbrook Farm Subdivision, Franklin County, Kentucky.

5. Due to the current status of the housing market, the Utility should be aware that its proposed expansion of plant may be greatly in excess of that needed for meeting customers' needs in the near future; that responsible management avoids gross overbuilding of plant capacity; and that the cost of excessive plant may be excluded from consideration in the Utility's future applications for rate adjustments.

6. The Commission should make no findings at this time regarding approval of the Utility's method of financing. The Utility's application states that it intends to borrow \$150,000 for the purpose of financing the proposed construction; but no specific plan of financing has been submitted for Commission approval as of the date of this Order. Section 8(2)(e) of 807 KAR 5:001E requires the filing of a detailed plan of financing for proposed construction and no deviation therefrom has been granted in the instant case. The Utility should, therefore, initiate appropriate actions for obtaining Commission approval of all aspects of its proposed financing before making any final commitments for securing the said financing.

7. The Utility should provide this Commission with duly verified documentation of the total cost of this project

including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Further, that the documents filed should clearly separate the costs for major components of the system such as the collection system and the sewage treatment plant.

8. Within 60 days of the date of substantial completion of the proposed construction the Utility should furnish this Commission with a copy of the as-built plans and a certification that the construction has been satisfactorily completed in accordance with the plans and specifications that have been approved by the Kentucky Department for Natural Resources and Environmental Protection.

Orders in this Matter

The Commission on the basis of the matters hereinbefore set forth and the evidentiary record in this case:

HEREBY ORDERS that the Utility be and hereby is granted a certificate of public convenience and necessity for construction of sewage collection and treatment facilities for the Coolbrook Farm Subdivision Section IV, Franklin County, Kentucky, as set forth in the application. Further, that this certification be and is hereby qualified by the admonition set forth herein by Finding No. 1.

IT IS FURTHER ORDERED that any construction deviations from the contract plans and specifications approved herein,

which could adversely affect service to any customer, should be subject to the prior approval of this Commission.

IT IS FURTHER ORDERED that the Utility's \$11.70 monthly rate for residential sewage disposal service now being charged under authority of this Commission shall be ratified and remain in effect for all customers of the Utility located in Coolbrook Farm Subdivision, Franklin County, Kentucky.

IT IS FURTHER ORDERED that the Utility shall obtain this Commission's approval of its method of financing the proposed construction before making any final commitments for securing the said financing.

IT IS FURTHER ORDERED that the Utility shall file with the Commission a duly verified document or documents which show the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed in accordance with Finding No. 7 of this Order.

IT IS FURTHER ORDERED that the Utility shall within 60 days of the date that construction is substantially completed furnish this Commission with a copy of the as-built plans and a certification that the construction has been satisfactorily completed in accordance with the plans and specifications as approved by the Kentucky Department for Natural Resources and Environmental Protection.

Done at Frankfort, Kentucky, this 23rd day of  
September, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vob  
Chairman

Katherine Randall  
Vice Chairman

Jim Carrigan  
Commissioner

ATTEST:

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Secretary